



# Louisiana Senate Finance Committee



## FY23 Executive Budget

### 11 – Natural Resources

February 2022

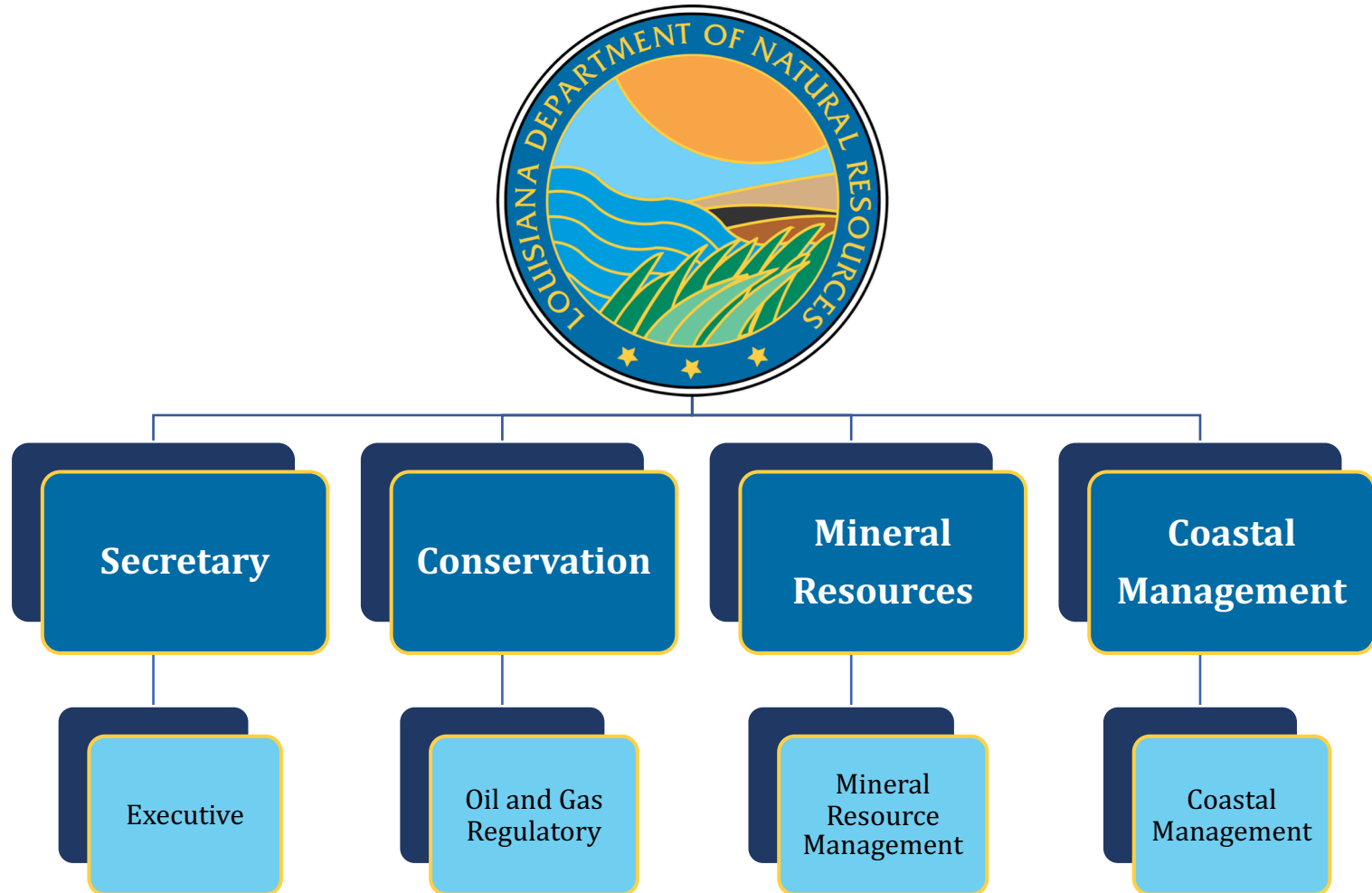
*Senator Patrick Page Cortez, President  
Senator Bodi White, Chairman*



# FY23 Recommended Budget

## Schedule 11 — Natural Resources Agencies

Departmental mission — “To ensure and promote sustainable and responsible use of the natural resources of the state,” particularly non-renewable resources such as oil, gas, and coal, and renewable resources such as solar energy.





# Department of Natural Resources Offices of the Secretary and Conservation

## Office of the Secretary



- Executive Program

- Home of the departmental secretary, executive counsel, undersecretary, and internal auditor.
- Also includes Legal, Public Information, and Technology Assessment duties.
- Provides leadership, guidance, and coordination to ensure consistency within the department as well as externally.
- Responsibilities include administration, accounting, budget, grants management, program analysis, and internal auditing, among other duties.
- Maintains and updates SONRIS, which is the online, searchable departmental database and imaging system.

## Office of Conservation



- Oil and Gas Regulatory Program

- The Department of Conservation was originally created in 1912 and was later incorporated into the present day Department of Natural Resources.
- Home of the commissioner of conservation and managing staff.
- Administers the conservation and development of the non-renewable natural resources in the state, while seeking to minimize negative environmental impact.
- Responsibilities include administration of regulatory programs for oil and natural gas wells, pipelines, drilling, and mining, as well as inspections, ground water management, and other duties.
- Administers the Oilfield Site Restoration Program and the Underwater Obstruction Removal Program.



# Department of Natural Resources

## Offices of Mineral Resources and Coastal Management

### Office of Mineral Resources



- Mineral Resource Management Program

- Home of the State Mineral and Energy Board and administrative staff.
- Includes three divisions — Executive; Geology, Engineering, and Lands; and Mineral Income.
- The Executive Division manages overall office operations, staffs the Mineral and Energy Board, and manages professional services contracts and issues non-exclusive seismic permits.
- The Geology, Engineering, and Lands Division provides expertise in geology, geophysics, and engineering, also performs the mineral leasing function for the board.
- The Mineral Income Division performs auditing, collection, and accounting functions for the board on mineral leasing activity and production.

### Office of Coastal Management



- Coastal Management Program

- Implements the Louisiana Coastal Resources Program (LCRP), which was established in 1978.
- The LCRP is the state's federally approved coastal zone management program, which oversees coastal use permits.
- Seeks to achieve a no-net-loss wetlands conservation policy in accordance with the State and Local Coastal Resources Management Act and the Coastal Wetlands Conservation Plan.
- The office is also responsible for compensation to commercial fishermen for losses to equipment or vessels damaged as a result of striking underwater obstructions from oil and gas activity within the Louisiana Coastal Zone.

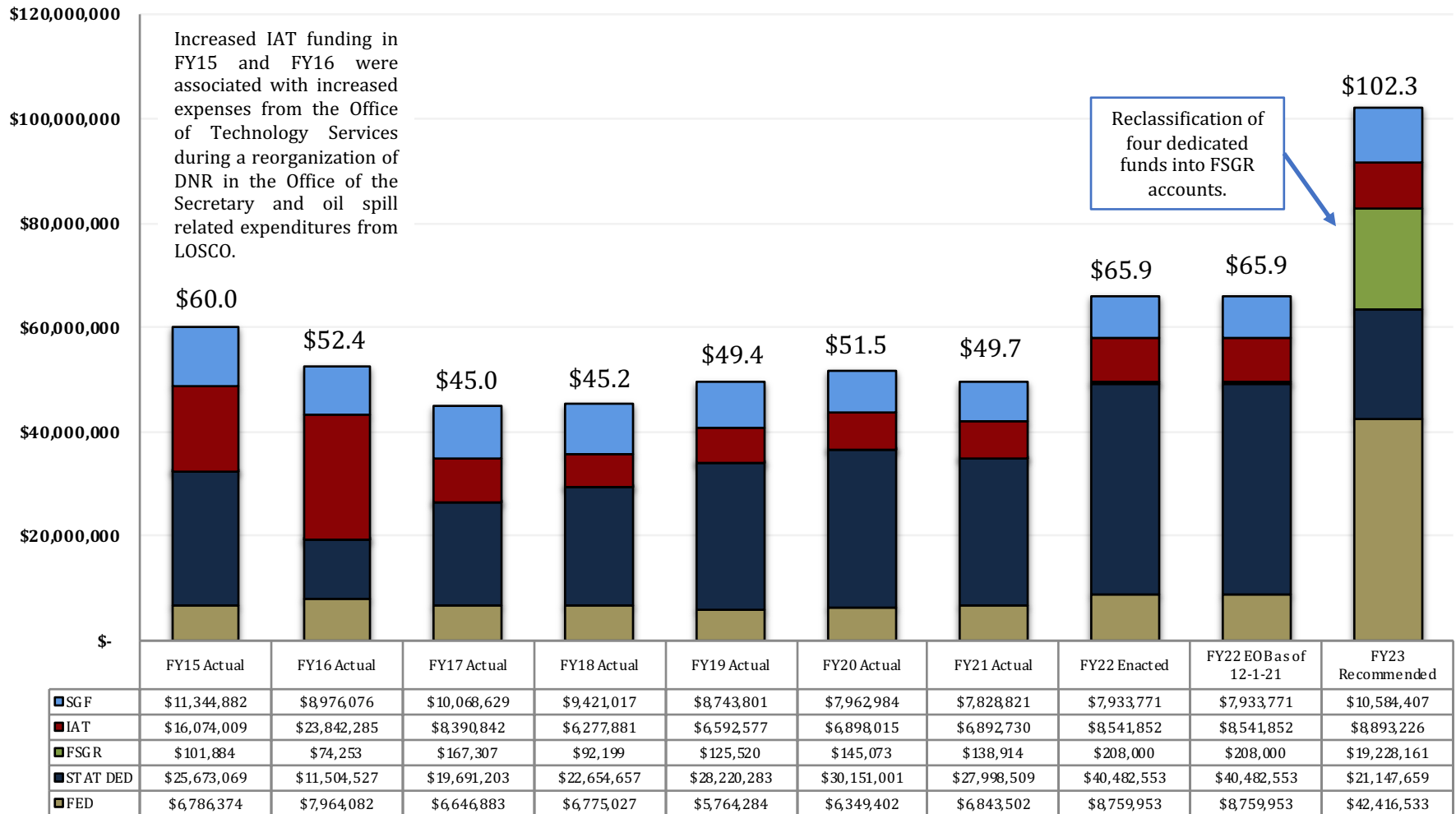


# Natural Resources

## Changes in Funding since FY15

### Total Budget by Fiscal Year and Means of Finance (in \$ millions)

Change from FY15 to FY23 is +70.5%.  
Change from FY15 to FY21 is -17%.







# Natural Resources

## Statewide Adjustments for FY23

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
<b>\$7,933,771</b>	<b>\$8,541,852</b>	<b>\$208,000</b>	<b>\$40,482,553</b>	<b>\$8,759,953</b>	<b>\$65,926,129</b>	<b>311</b>	<b>FY22 Existing Operating Budget as of 12-1-21</b>
\$0	\$59,649	\$399,989	\$123,792	\$94,752	\$678,182	0	Market Rate Salary Adjustment – Classified
\$34,304	\$0	\$0	\$0	\$0	\$34,304	0	Unclassified Pay Increase
\$0	\$9,093	\$40,327	\$8,306	\$12,165	\$69,891	0	Civil Service Training Series Adjustment
\$0	\$32,335	\$131,290	\$7,580	(\$57,963)	\$113,242	0	Related Benefits Base Adjustment
\$0	\$25,585	\$95,108	\$34,847	\$27,147	\$182,687	0	Retirement Rate Adjustment
\$0	\$6,754	\$31,002	\$10,436	\$8,103	\$56,295	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$14,312	\$21,514	\$9,521	\$4,268	\$49,615	0	Group Insurance Rate Adjustment for Retirees
\$0	\$58,491	\$105,458	\$88,601	(\$104,589)	\$147,961	0	Salary Base Adjustment
\$0	\$0	(\$369,158)	(\$125,596)	\$0	(\$494,754)	0	Attrition Adjustment
\$0	\$0	\$237,728	\$30,000	\$126,954	\$394,682	0	Acquisitions and Major Repairs
\$0	\$0	\$0	(\$88,038)	(\$22,500)	(\$110,538)	0	Non-recurring Acquisitions and Major Repairs
(\$20,470)	(\$13,404)	\$41,411	\$23,021	\$6,887	\$37,445	0	Risk Management
(\$145)	\$0	\$0	\$0	\$0	(\$145)	0	Legislative Auditor Fees
\$25,862	\$0	\$7,510	\$0	\$0	\$33,372	0	Rent in State-owned Buildings
\$0	\$0	\$3,995	\$0	\$0	\$3,995	0	Maintenance in State-owned Buildings
\$60	\$0	\$0	\$0	\$0	\$60	0	Capitol Park Security
\$0	\$0	\$2,664	\$0	\$0	\$2,664	0	Capitol Police
\$101	\$0	\$294	\$0	\$145	\$540	0	UPS Fees
\$14,049	\$0	\$0	\$0	\$0	\$14,049	0	Civil Service Fees
(\$264)	\$0	\$0	\$0	\$0	(\$264)	0	State Treasury Fees
(\$5,820)	\$0	(\$4,491)	(\$1,768)	\$0	(\$12,079)	0	Office of Technology Services (OTS)
\$0	\$699	\$7,253	\$1,937	\$0	\$9,889	0	Administrative Law Judges
\$0	\$157,860	\$629,277	\$214,808	\$176,414	\$1,178,359	0	27th Pay Period
\$2,959	\$0	(\$682)	\$0	(\$1,671)	\$606	0	Office of State Procurement
<b>\$50,636</b>	<b>\$351,374</b>	<b>\$1,380,489</b>	<b>\$337,447</b>	<b>\$270,112</b>	<b>\$2,390,058</b>	<b>0</b>	<b>Total Statewide Adjustments</b>
\$0	\$0	\$18,180,230	(\$18,180,230)	\$0	\$0	0	Total Means of Financing Substitution Adjustments
\$0	\$0	\$0	(\$5,000,000)	\$0	(\$5,000,000)	0	Total Non-Recurring Other Adjustments
\$2,600,000	\$0	(\$540,558)	\$3,507,889	\$33,386,468	\$38,953,799	8	Total Other Adjustments
<b>\$10,584,407</b>	<b>\$8,893,226</b>	<b>\$19,228,161</b>	<b>\$21,147,659</b>	<b>\$42,416,533</b>	<b>\$102,269,986</b>	<b>319</b>	<b>Total FY23 Recommended Budget</b>
\$2,650,636	\$351,374	\$19,020,161	(\$19,334,894)	\$33,656,580	\$36,343,857	8	Total Adjustments (Statewide and Agency-Specific)



# Natural Resources

## Agency-Specific Adjustments for FY23

### Means of Financing Substitutions

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$632,000	(\$632,000)	\$0	\$0	0	Secretary - EXECUTIVE -Means of finance substitution removes funding from the Statutorily Dedicated Fisherman's Gear Compensation Fund and increases the fund account re-classified as Fees and Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$16,447,117	(\$16,447,117)	\$0	\$0	0	Conservation - OIL AND GAS REG -Means of finance substitution removes funding from the Statutorily Dedicated Oil and Gas Regulatory Fund and increases the fund account re-classified as Fees and Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$350,000	(\$350,000)	\$0	\$0	0	Conservation - OIL AND GAS REG -Means of finance substitution removes funding from the Statutorily Dedicated Underwater Obstruction Removal Fund and increases the fund account re-classified as Fees and Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$751,113	(\$751,113)	\$0	\$0	0	Coastal Restoration - COASTAL RESTOR MGT -Means of financing substitution removing funding from the Statutory Dedications out of the Coastal Resources Trust Fund and increasing the fund account re-classified as Fees and Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$18,180,230	(\$18,180,230)	\$0	\$0	\$0	<b>Total MOF Substitutions</b>

### Non-Recurring Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$0	(\$5,000,000)	\$0	(\$5,000,000)	0	Coastal Management -- Reduction of Statutory Dedications out of the Coastal Resources Trust Fund for anticipated completion of three Beneficial Use Projects in FY21-FY22 that are IAT expenditures to CPRA's Capital Outlay budget. The projects are Caminada Headland Back Barrier Marsh Creation (\$3 m.), South Pass Bird Island Enhancement (\$500,000), and Cameron Meadows Marsh Creation and Terracing (\$1,500,000).
\$0	\$0	\$0	(\$5,000,000)	\$0	(\$5,000,000)	0	<b>Total Non-Recurring Other Adjustments</b>



# Natural Resources

## Agency-Specific Adjustments for FY23

### Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$0	\$0	\$30,000,000	\$30,000,000	2	Secretary - EXECUTIVE - Provides for an increase in Federal Funds due to the passage of the Federal Infrastructure Investment and Jobs Act. These funds will be utilized for the plugging of abandoned orphan wells in the Oilfield Site Restoration Program. This request also increases the Table of Organization (T.O.) by two (2) authorized positions in the Office of the Secretary -- Deputy Undersecretary and a Business Analytics Specialist. These positions are needed to have complete oversight and financial management of all aspects of the Oilfield Site Restoration Program.
\$0	\$0	\$0	\$0	\$3,000,000	\$3,000,000	2	Secretary - EXECUTIVE - Provides for an increase in Federal Funds due to the passage of the Federal Infrastructure Investment and Jobs Act. These funds will be utilized to expand the State Energy Program for environmental initiatives. This request also increases the Table of Organization (T.O.) by two (2) authorized positions: Accountant/Grant Reviewer and a Federal Energy Program Manager. These positions will be responsible for handling grant applications, contracting, federal reporting requirements, as well as planning, preparing, and implementing multiple projects throughout the state dealing with energy efficiency for the State Energy Office.
\$0	\$0	\$0	\$141,790	\$0	\$141,790	1	Secretary - EXECUTIVE - Provides for an increase in Statutory Dedications out of the Oilfield Site Restoration Fund for a transfer of an Attorney 4 position from the Office of Mineral Resources. This position will advise and represent the Department of Natural Resources by interpreting laws, rulings, and regulations pertaining to the Federal Infrastructure Investment and Jobs Act.
\$2,600,000	\$0	\$0	\$0	\$0	\$2,600,000	0	Secretary - EXECUTIVE - Provides funding for upgrades to the Strategic Online Natural Resources Information System (SONRIS).
\$0	\$0	\$0	\$0	\$75,000	\$75,000	0	Conservation - OIL AND GAS REG - Increases Federal Funds for the Injection and Mining Division to receive grant funding from the US Environmental Protection Agency (USEPA) through the Exchange Network Grant to purchase and design an electronically managed permit application system.
\$0	\$0	\$0	\$2,981,960	\$153,654	\$3,135,614	4	Conservation - OIL AND GAS REG - Provides for an increase in Statutory Dedications out of the Carbon Dioxide Geologic Storage Trust Fund and Federal Funds to reduce the amount of carbon dioxide in the atmosphere. This program will allow the Injection and Mining Division to review applications and issue Class VI permits in Louisiana to protect the health, safety, and welfare of the public in a consistent manner with all other injection wells in the state of Louisiana. This will require the addition of four (4) additional staff: Petroleum Scientist Manager 2; two (2) Petroleum Scientist Supervisors; and a non-supervisory Petroleum Scientist 1/2/3. These positions will be responsible for permitting and regulatory oversight of Class VI sequestration wells; project management of qualified third-party contractors; and reviewing scientific and technical information.
\$0	\$0	\$19,175	\$0	\$54,810	\$73,985	0	Conservation - OIL AND GAS REG - Provides for an increase in the Oil and Gas Regulatory Dedicated Fund Account and Federal Funds for the replacement of information technology related equipment. The Federal portion is from the Abandoned Mine Land (AML) program and the Underground Injection Control (UIC) program grants.
\$0	\$0	(\$456,729)	\$0	\$0	(\$456,729)	0	Conservation - OIL AND GAS REG - Provides for reduction out of the Oil and Gas Regulatory Dedicated Fund Account to reduce administrative support to the Office of the Secretary.
\$0	\$0	(\$103,004)	\$0	\$0	(\$103,004)	(1)	Conservation - OIL AND GAS REG - Reduces funding from the Oil and Gas Regulatory Dedicated Fund Account and transfers a vacant Mineral Production Analyst 2 position from the Office of Conservation to the Office of Coastal Management. This position will be re-allocated to a Coastal Resources Scientist 3 position to assist with Coastal Permitting and customer service.
\$0	\$0	\$0	(\$141,790)	\$0	(\$141,790)	(1)	Mineral Resources - MINERAL RES MGMT - Provides for a reduction in the Statutory Dedications out of the Mineral and Energy Operation Fund to transfer a vacant Attorney 4 position to the Office of the Secretary for legal activities regarding the Federal Infrastructure Investment and Jobs Act.
\$0	\$0	\$0	\$456,729	\$0	\$456,729	0	Mineral Resources - MINERAL RES MGMT - Provides for an increase in the Statutory Dedications out of the Mineral and Energy Operation Fund for administrative support to the Office of the Secretary.
\$0	\$0	\$0	\$69,200	\$0	\$69,200	0	Mineral Resources - MINERAL RES MGMT - Provides for an increase in the Statutory Dedications out of the Mineral and Energy Operation Fund for the replacement of information technology related equipment
\$0	\$0	\$0	\$0	\$103,004	\$103,004	1	Coastal Management - COASTAL RESTOR MGT - Increases Federal Funds and transfers a vacant Mineral Production Analyst 2 position from the Office of Conservation to the Office of Coastal Management. This position will be re-allocated to a Coastal Resources Scientist 3 position to assist with the processing of Coastal Permits and permit applications.
\$2,600,000	\$0	(\$540,558)	\$3,507,889	\$33,386,468	\$38,953,799	8	<b>Total Other Adjustments</b>





# Natural Resources

## FY23 Recommended Means of Finance

### Non-SGF Sources of Funding:

**Federal** sources are the largest non-SGF funding source at 41 percent. They include Infrastructure Investment and Jobs Act funding; Federal Energy Settlement Funds (Stripper Well, Warner, and Exxon); the U.S. Departments of Transportation, Interior, Energy, and the Environmental Protection Agency; the Minerals Management/MMS grant; and the Administration of Coastal Management Grant Section 306 of the Federal Coastal Zone Management ACT (CZMA) of 1972 as Amended; and the Coastal Management Grant Section 309.

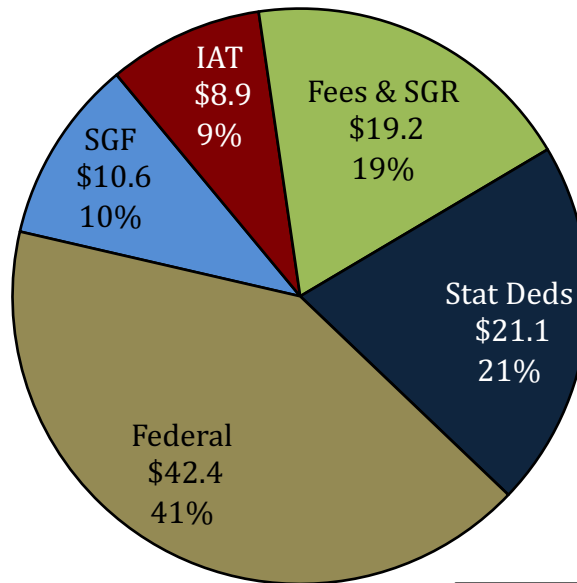
**Dedicated Funds** contribute roughly 21 percent of non-SGF funding. They include:

- Carbon Dioxide Geologic Storage Trust Fund,
- Mineral and Energy Operation Fund,
- Oilfield Site Restoration Fund, and
- Oil Spill Contingency Fund.

**Interagency Transfers** are derived from several state agencies, including the Division of Administration, Workforce Commission, and DEQ for certain operating expenses, and from Wildlife and Fisheries to manage and audit lease activity.

**Fees and Self-generated Revenues** are derived from fees charged for home energy audits (computed at \$50 per hour with a minimum of \$200 per audit), Insurance Recovery, and sale of Data/Home Energy Loan Program (HELP). Several sources that had been dedicated funds have been reclassified as FSGR fund accounts, including the Coastal Resources Trust Fund, the Fisherman's Gear Compensation Fund, the Oil and Gas Regulatory Fund, and the Underwater Obstruction Removal Fund, per Act 114 of the 2021 Regular Session.

**FY23 Recommended  
Total Means of Finance  
(In Millions)**



Total \$102.3 m.



# Natural Resources Dedicated Funds

Dedicated Funds	Source of Funding	FY21 Actual	FY22 EOB as of 12-1-20	FY23 Recommended	Difference FY22 EOB to FY23 REC
Carbon Dioxide Geologic Storage Trust Fund	Fees/penalties/bond forfeiture/private contributions/interest earnings/civil penalties/grants/donations/trust accounts	\$ -	\$ -	\$ 2,981,960	\$ 2,981,960
Coastal Resources Trust Fund	Fees/Federal Revenue Sharing	\$ 186,846	\$ 5,751,113	\$ -	\$ (5,751,113)
FES - Direct Restitution	Federal Energy Settlement	\$ 60,000	\$ -	\$ -	\$ -
Fisherman's Gear Compensation Fund	Fees from oil and gas lease holders	\$ 385,169	\$ 632,000	\$ -	\$ (632,000)
Mineral and Energy Operation Fund	Judgments/Settlements/Fees/Other Sources	\$ 3,610,490	\$ 4,575,657	\$ 5,327,180	\$ 751,523
Oil and Gas Regulatory Fund	Fees/Fines/Civil Penalties/Annual Assesments on Inactive, Unplugged Wells	\$ 14,105,548	\$ 16,505,155	\$ -	\$ (16,505,155)
Oil Spill Contingency Fund	Fees/Taxes/Penalties/Judgments/Reimbursements/Charges/Federal Funds	\$ 124,784	\$ 203,399	\$ 213,000	\$ 9,601
Oilfield Site Restoration Fund	Annual Assesments on Inactive, Unplugged Wells	\$ 9,077,987	\$ 12,465,229	\$ 12,625,519	\$ 160,290
Stripper Well	Fees/Taxes	\$ 247,686	\$ -	\$ -	\$ -
Underwater Obstruction Removal Fund	Private contributions/Interest/Grants/Donations/Allocations/R.S. 56:700.2(A)(4)	\$ 150,000	\$ 350,000	\$ -	\$ (350,000)
Warner	Federal Energy Settlement	\$ 49,999	\$ -	\$ -	\$ -
<b>TOTALS</b>		<b>\$ 27,998,509</b>	<b>\$ 40,482,553</b>	<b>\$ 21,147,659</b>	<b>\$ (19,334,894)</b>

Dedicated Funds as a portion of DNR's budget are significantly reduced for FY23 Recommended. These funds made up 58 percent of the department's budget in FY22, but now total only 21 percent. This equates to a reduction of \$19.3 million.

This reduction is largely due to the reclassification of four current dedicated funds (highlighted) -- the Coastal Resources Trust Fund, the Fisherman's Gear Compensation Fund, the Oil and Gas Regulatory Fund, and the Underwater Obstruction Removal Fund – into Fees and Self-generated Revenue accounts, per Act 114 of the 2021 Regular Session.

As a result of this reclassification, the largest dedicated fund in DNR's budget is now the Oilfield Site Restoration Fund at \$12.6 million for FY23 Recommended.



# Natural Resources

## FY22 Enacted vs. FY23 Recommended Comparison

FY22 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total	T.O.
Office of the Secretary	\$1,205,378	\$3,303,243	\$150,000	\$13,097,229	\$3,008,609	\$20,764,459	37
Conservation	\$2,714,386	\$1,502,261	\$19,000	\$16,855,155	\$3,329,889	\$24,420,691	174
Mineral Resources	\$3,847,497	\$578,449	\$20,000	\$4,575,657	\$0	\$9,021,603	56
Coastal Management	\$166,510	\$3,157,899	\$19,000	\$5,954,512	\$2,421,455	\$11,719,376	44
<b>TOTALS</b>	<b>\$7,933,771</b>	<b>\$8,541,852</b>	<b>\$208,000</b>	<b>\$40,482,553</b>	<b>\$8,759,953</b>	<b>\$65,926,129</b>	<b>311</b>
FY23 Recommended Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total	T.O.
Office of the Secretary	\$3,840,019	\$3,654,617	\$782,000	\$12,625,519	\$36,008,609	\$56,910,764	42
Conservation	\$2,716,447	\$1,502,261	\$17,616,048	\$2,981,960	\$3,720,836	\$28,537,552	177
Mineral Resources	\$3,853,906	\$578,449	\$20,000	\$5,327,180	\$0	\$9,779,535	55
Coastal Management	\$174,035	\$3,157,899	\$810,113	\$213,000	\$2,687,088	\$7,042,135	45
<b>TOTALS</b>	<b>\$10,584,407</b>	<b>\$8,893,226</b>	<b>\$19,228,161</b>	<b>\$21,147,659</b>	<b>\$42,416,533</b>	<b>\$102,269,986</b>	<b>319</b>
<i>Difference FY22 Enacted to FY23 Recommended</i>	\$2,650,636	\$351,374	\$19,020,161	(\$19,334,894)	\$33,656,580	\$36,343,857	8

In terms of overall funding from FY22 Enacted to FY23 Recommended, DNR showed an increase of \$36.3 million, or +55 percent.

The increase is the largest in the Office of the Secretary, which grew by \$36.1 million and five (5) Authorized T.O. positions. This growth is due to increased federal funding for plugging of abandoned orphan wells and for environmental initiatives in the State Energy Program.

The Office of Conservation grew by \$4.1 million, mainly due to increased funding out of the Carbon Dioxide Geologic Storage Trust Fund and Federal Funds for initiatives to reduce the amount of carbon dioxide in the atmosphere.

The Office of Mineral Resources showed modest growth of \$757,932, while the Office of Coastal Management decreased by \$4.7 million largely because of the non-recurring of \$5 million out of the Coastal Resources Trust Fund for the projected completion of three Beneficial Use projects in FY22.



# Categorical Expenditures

## Examples of Categories

**Departments expend funding in the five major categories listed below.**

### **Personal Services**

- Salaries – Regular, overtime, and termination pay for Classified and Unclassified personnel.
- Other Compensation – Wages, student labor, compensation for board members and/or board of trustees, evening instruction, university instructors, etc.
- Related Benefits – Retirement contributions, post-retirement contributions/benefits, FICA tax, Medicare tax, group insurance contributions, compensated absences, other related benefits, taxable fringe benefits, etc.

### **Total Operating Expenses**

- Travel – In-state and Out-of-state, including meal reimbursement.
- Operating Services – Advertising, printing, insurance, maintenance, rentals, data processing, internet costs, dues and subscriptions, mail delivery, telephones, data lines, vehicle tracking and telematics, utilities, depreciation, amortization, banking services, credit card fees, etc.
- Supplies – office supplies and equipment, computers, clothing and uniforms, medical, pharmaceutical, food, automotive, repair and maintenance, software, etc.

**Professional Services** – Accounting, auditing, management consulting, engineering, architectural, legal, medical and dental, veterinary, information technology, etc.

### **Total Other Charges**

- Other Charges – Aid to school boards, local government, etc.; public assistance; miscellaneous charges; judgments, fines, and penalties; interest on judgments; punitive/compensatory damages; OC personal services, operating expenses, professional services; contract attorney expenses; recoupments; furlough; contractual services; interest expense; claim payments; commercial group insurance; reinsurance; loans issued; disbursements; etc.
- Debt Service – Principal, interest, related charges, reserve requirement, amortization, and bond premiums.
- Interagency Transfer Line-Item Expenditure – Any expenses paid for with Interagency Transfers – from commodities and services to equipment.

### **Acquisitions and Major Repairs**

- Acquisitions – Land; buildings; automobiles; aircraft; accessories; equipment; software; hardware; farm and heavy equipment; boats; capital outlay expenditures; construction; etc.
- Major Repairs – Land improvement; buildings; automotive; grounds; boats; aircraft; movable equipment; farm equipment; medical; office; library; education; recreation; communication; other equipment; pollution remediation; etc.



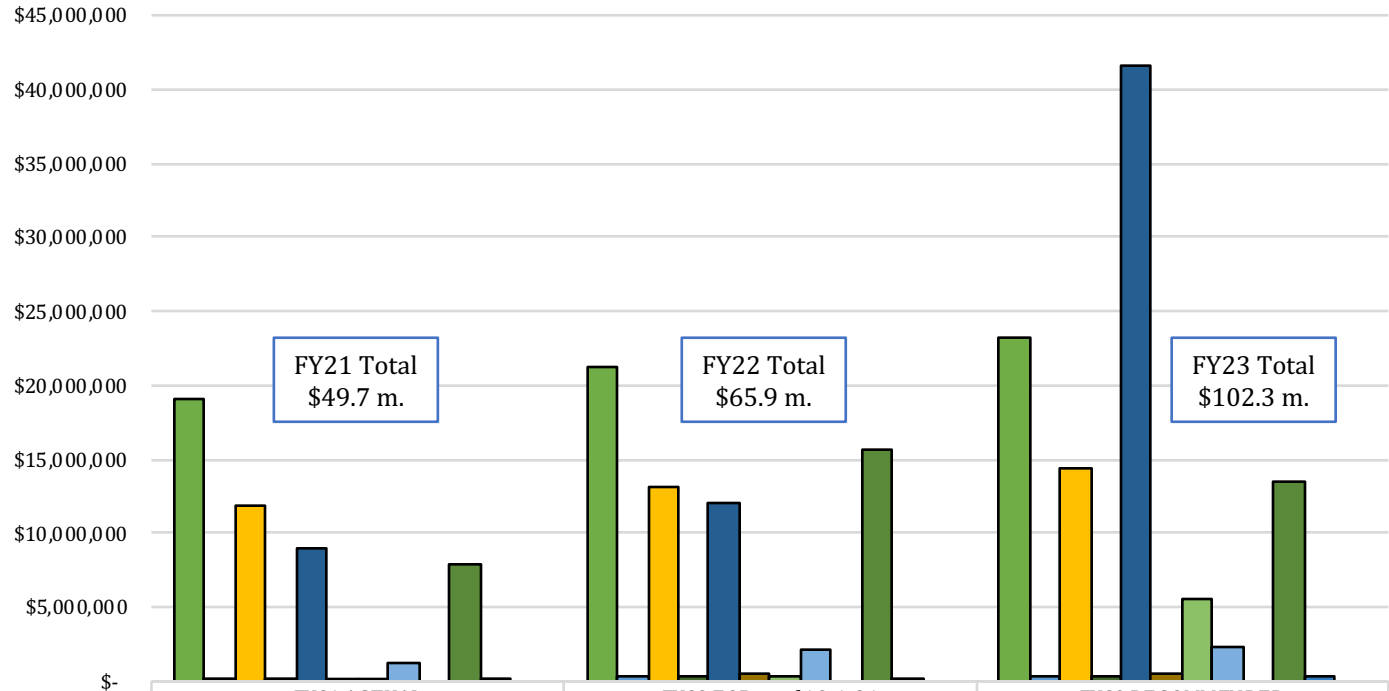
# DNR Categorical Expenditures

## FY21, FY22, and FY23

DNR's budget for FY23 Recommended shows a sizable increase in Operating Services expenditures at \$41.6 million. This is an increase of \$29.7 million over FY22 EOB's total of \$11.9 million.

As with most general government departments, Personal Services make up a large portion of expenditures at \$37.9 million for FY23 Recommended.

Another growth area of expenditures for DNR is Professional Services, which increases from \$418,779 in FY22 EOB to \$5.6 million in FY23 Recommended.



### Personal Services

### Operating Expenses

### Professional Services

### Other Charges

### Acquisitions and Major Repairs

- Salaries
- Other Compensation
- Related Benefits
- Travel
- Operating Services
- Supplies
- Professional Services
- Other Charges
- Debt Service
- Interagency Transfers
- Acquisitions
- Major Repairs



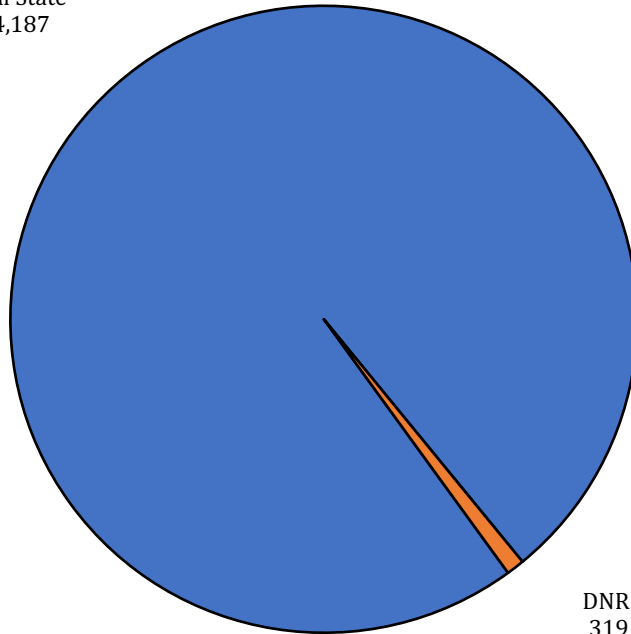


# Natural Resources

## FTEs, Authorized T.O., and Other Charges Positions

### FY23 Recommended Department Employees as a portion of FY23 Recommended Total State Employees

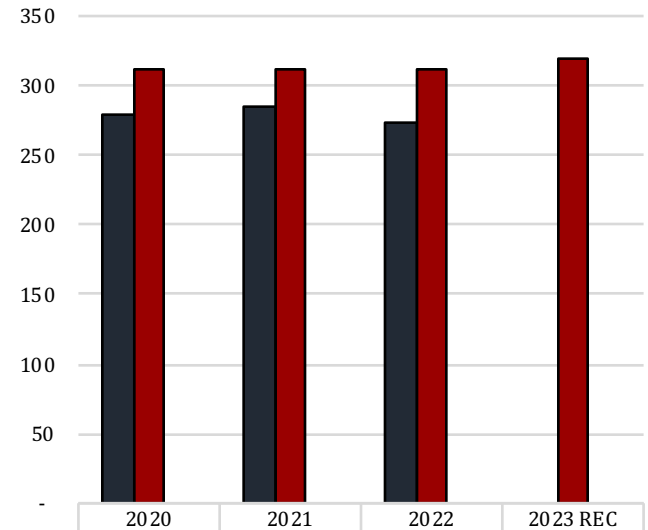
Total State  
34,187



DNR  
319  
1%

FY22 number of funded, but not filled,  
positions as of January 31 = 28

### Number and Types of Positions



■ Total FTEs (1st July Report)

■ Authorized T.O. Positions

■ Other Charges Positions

The full-time equivalent or **FTE** definition refers to the number of hours considered full-time. For example, if an agency considers 40 hours full time, and there are two employees working 20 hours per week, those two employees would be 1.0 FTE.

**Authorized Positions** are those referred to in the Table of Organization (or T.O.) for each department. This count includes only those positions paid for from the Salaries expenditure category for the organization units and agencies include in each department's appropriation. This excludes positions paid for from other expenditure categories, such as wages or per diem.

**Other Charges** positions are authorized under R.S. 39:2(5)(b) ...

(5)(b) "Authorized other charges positions" means the number of positions in an appropriation bill to be funded by the other charges continuing category of the accounting system for the state. The number may be adjusted during a fiscal year in accordance with law.

- [Act 377 of 2013 by Rep. Burrell]
- Positions coded in the Other Charges expenditure category
- These positions are usually associated with federal grants



# Natural Resources

## Related Employment Information

Salaries and Related Benefits for the 319 Authorized Positions are listed below in Chart 1.  
In Chart 2, benefits are broken out to show the portion paid for active versus retired employees.  
This is where payments for the Unfunded Accrued Liability (UAL) can be found.

1.

Personal Services	2020 Actual	2021 Actual	2022 Enacted	2023 Recommended
Salaries	\$19,173,606	\$19,152,045	\$21,305,154	\$23,280,121
Other Compensation	\$127,358	\$143,287	\$264,944	\$264,944
Related Benefits	\$11,926,435	\$11,796,540	\$13,105,406	\$14,342,470
<b>Total Personal Services</b>	<b>\$31,277,399</b>	<b>\$31,091,872</b>	<b>\$34,675,504</b>	<b>\$37,887,535</b>

Average T.O. Salary = \$67,844

Examples of Other Compensation include pay for WAE employees, part-time employees, student workers, etc.

2.

Related Benefits FY23 Recommended	Total Funding	%
Total Related Benefits	\$14,342,470	
UAL payments	\$7,971,372	56%
Retiree Health Benefits	\$2,029,229	
Remaining Benefits*	\$4,341,869	
Means of Finance	General Fund = 16%	Other = 84%

Department Demographics	Total	%
<b>Gender</b>		
Female	127	42
Male	173	58
<b>Race/Ethnicity</b>		
White	253	84
Black	33	11
Asian	5	2
Indian	--	--
Hawaiian/Pacific	--	--
Declined to State	9	3
<b>Currently in DROP or Eligible to Retire</b>	<b>67</b>	<b>22</b>

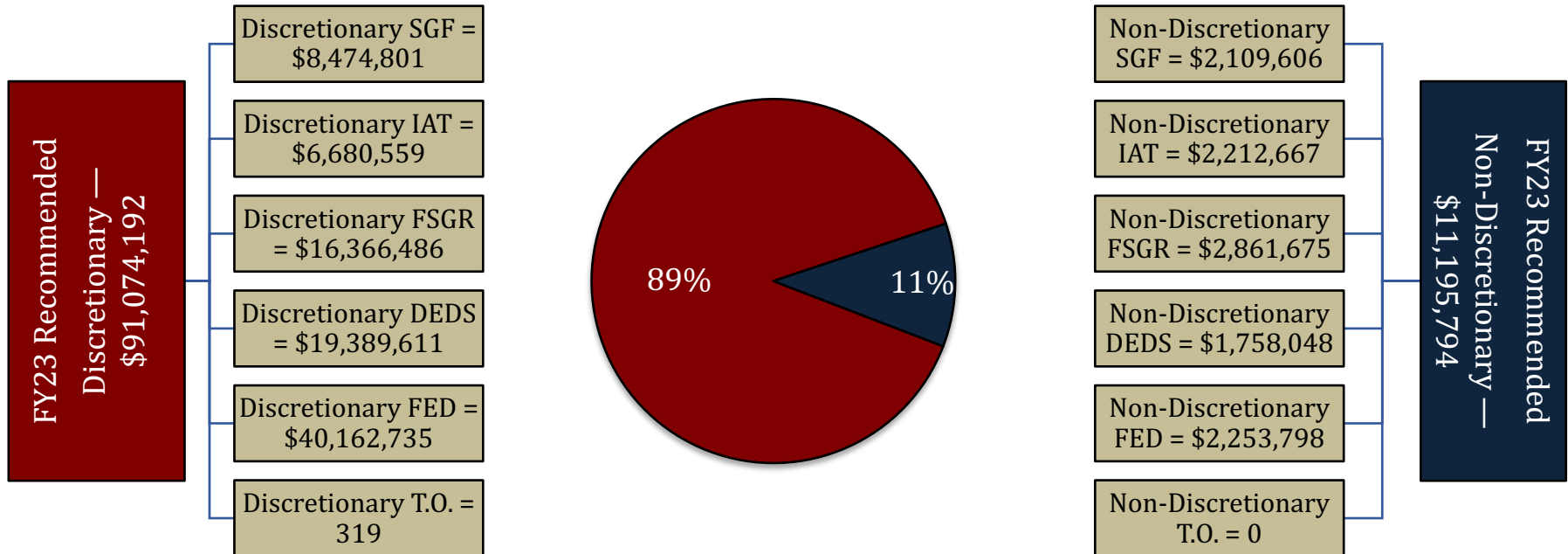
\* Remaining Benefits include employer contribution to authorized positions' retirement, health, Medicare, FICA, Emoluments etc. The authorized positions include authorized T.O. positions and authorized other charges positions, both filled and vacant.

Other Charges Benefits  
\$0



# Natural Resources

## FY23 Discretionary/Non-Discretionary Comparison



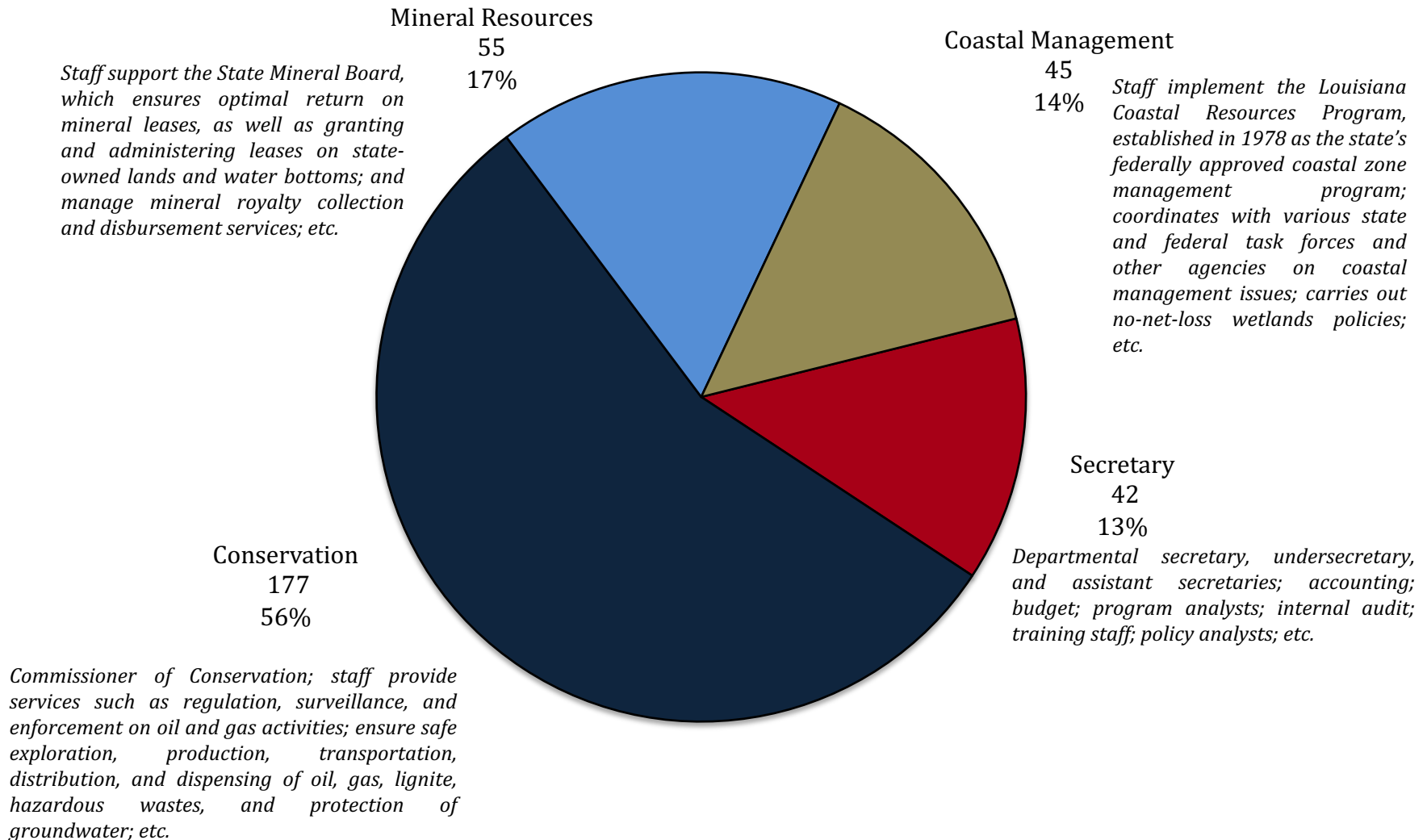
Total Discretionary Funding by Office		
Office of the Secretary	\$ 53,789,041	59%
Conservation	\$ 23,915,089	26%
Mineral Resources	\$ 7,755,757	9%
Coastal Management	\$ 5,614,305	6%
<b>Total Discretionary</b>	<b>\$ 91,074,192</b>	<b>100%</b>

Total Non-Discretionary Funding by Type		
Required by the Constitution (UAL)	\$ 7,971,372	71%
Rent in State-Owned Buildings	\$ 1,024,089	9%
Retirees Group Insurance	\$ 2,029,229	18%
Legislative Auditor Fees	\$ 171,104	2%
<b>Total Non-Discretionary</b>	<b>\$ 11,195,794</b>	<b>100%</b>



# Natural Resources

## FY23 Recommended Total Authorized Positions by Agency





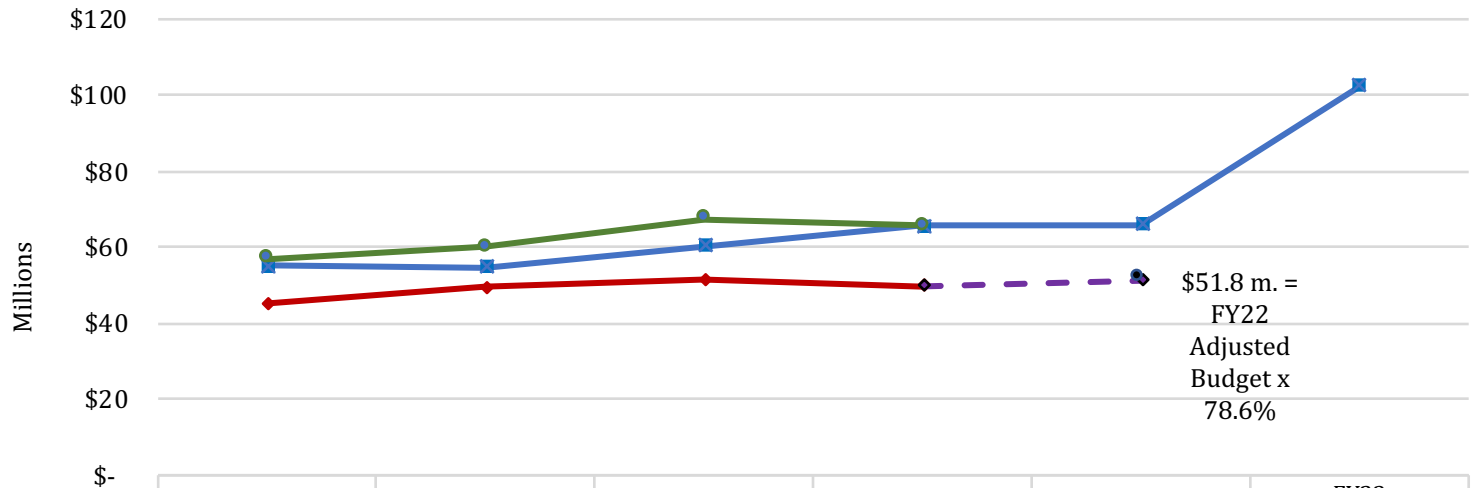
# Natural Resources

## Enacted & FYE Budget vs. Actual Expenditures FY18 to FY21

**FYE Budget = "Fiscal Year End" Budget** includes all in-house and regular BA-7s through June 30 of the fiscal year. For FY22, it is as of January.

**FY22 Known  
Supplemental  
Needs:  
\$0**

**FY21 General Fund  
Reversions:  
\$221,492**



	FY18	FY19	FY20	FY21	FY22 EOB	FY23 Recommended
Enacted Budget	\$55,023,652	\$54,582,563	\$60,274,964	\$65,659,157	\$65,926,129	\$102,269,986
FYE Budget	\$56,841,717	\$59,958,607	\$67,268,013	\$65,659,157		
Actual Expenditures	\$45,220,781	\$49,446,465	\$51,506,475	\$49,702,476		
FY22 Expenditure Trend				\$49,702,476	\$51,198,113	

Monthly Budget Activity				
	FY22 Adjusted Budget	FY22 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
Jul-21	\$ 65,926,129	\$ 3,465,182	\$ 62,460,947	5.3%
Aug-21	\$ 65,926,129	\$ 7,534,565	\$ 58,391,564	11.4%
Sep-21	\$ 65,926,129	\$ 10,617,166	\$ 55,308,963	16.1%
Oct-21	\$ 65,926,129	\$ 14,697,101	\$ 51,229,028	22.3%
Nov-21	\$ 65,926,129	\$ 17,701,599	\$ 48,224,530	26.9%
Dec-21	\$ 65,926,129	\$ 22,902,639	\$ 43,023,490	34.7%
Jan-22	\$ 65,926,129	\$ 29,865,566	\$ 36,060,563	45.3%

Monthly Budget Activity				
	FY22 Adjusted Budget	FY22 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
<i>(Trend based on average monthly expenditures to date)</i>				
Feb-22	\$ 65,926,129	\$ 34,132,075	\$ 31,794,054	51.8%
Mar-22	\$ 65,926,129	\$ 38,398,585	\$ 27,527,544	58.2%
Apr-22	\$ 65,926,129	\$ 42,665,094	\$ 23,261,035	64.7%
May-22	\$ 65,926,129	\$ 46,931,604	\$ 18,994,525	71.2%
Jun-22	\$ 65,926,129	\$ 51,198,113	\$ 14,728,016	77.7%

Historical Year End Average

78.6%





# Natural Resources

## Orphaned Oil and Gas Wells

Orphaned wells are those that have been abandoned and the responsible party is either unknown, insolvent, or otherwise unable to maintain the well in accordance with state laws and regulations.

- Orphaned wells differ from idle wells in that there is no intention to return an orphaned well to production status as with an idle well.

Louisiana has roughly 4,605 documented orphaned wells as of 2021, although officials believe there may be more as yet unlisted.

- Many of these wells date back to the early 20<sup>th</sup> century and the beginning of oil exploration and drilling.

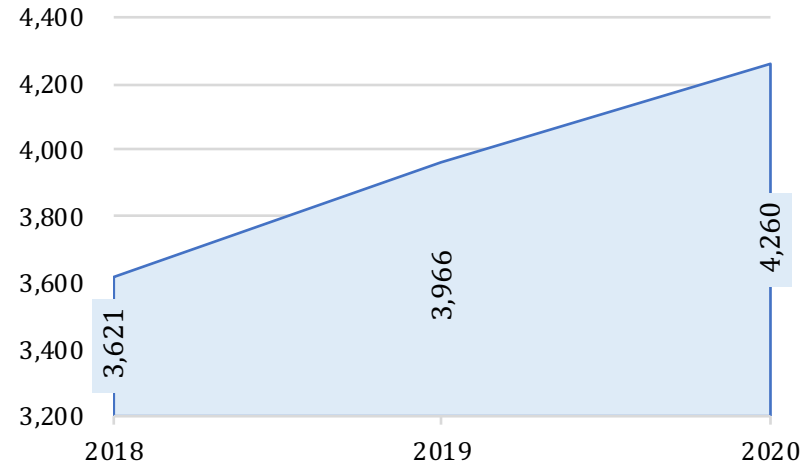
As part of the Federal Infrastructure Investment and Jobs Act (IIJA), the U.S. Department of the Interior has agreed to allocate \$47.4 million to Louisiana to plug orphaned oil and gas wells.

- This funding is considered phase one of an overall package that could total as much as \$111.5 million for orphaned wells in the state.

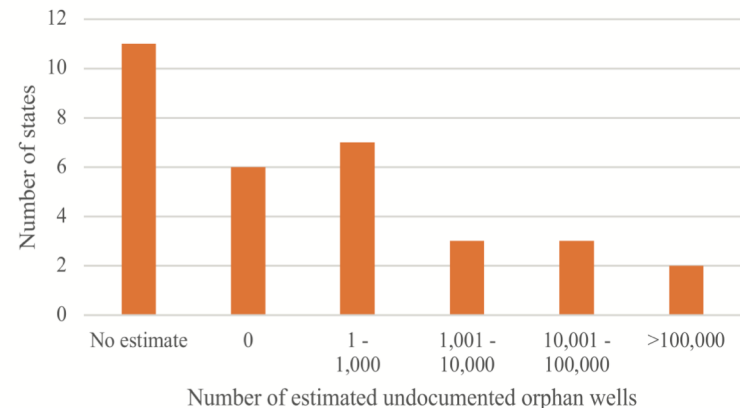
Additional funding could be available through an additional \$1.5 billion in IIJA performance grants.

As of FY23 Recommended, DNR has \$30 million budgeted for plugging or restoring orphaned wells from Federal IIJA sources. The Oilfield Site Restoration Fund contributes another \$12.6 million in budget authority for FY23.

**Documented Orphan Wells in Louisiana**



**Estimated Undocumented Orphan Wells in States (2020)**



32 states reporting



# Natural Resources

## Louisiana Energy Profile



U.S. Energy Information  
Administration

- Louisiana is one of the top five states in both natural gas production and proved reserves. The state accounted for 9% of U.S. total marketed gas production in 2020 and has about 8% of the nation's gas reserves.
- Louisiana's 17 oil refineries account for nearly one-fifth of the nation's refining capacity and can process about 3.4 million barrels of crude oil per day.
- In 2020, Louisiana's two liquefied natural gas (LNG) export terminals shipped out about 55% of U.S. total LNG exports.
- Louisiana's total energy consumption and per capita energy consumption both rank among the top three states in the nation, largely because of its energy-intensive chemical, petroleum, and natural gas industries.
- Louisiana has the highest per capita residential sector electricity consumption in the nation. More than 6 in 10 Louisiana households rely on electric heating and almost all households have air conditioning.

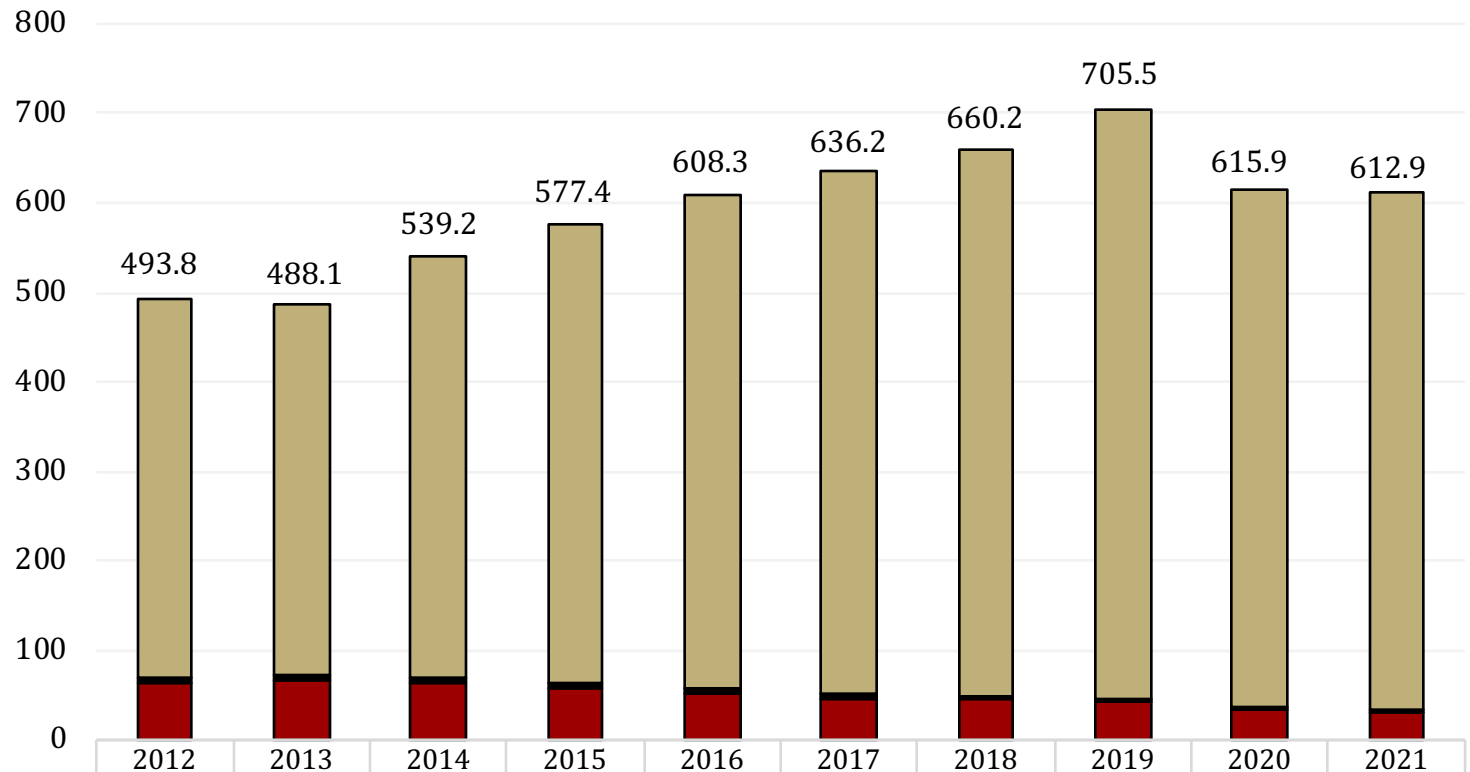




# Louisiana Total Crude Oil and Condensate Production

## Production by Location

In millions  
of barrels



### 2-22-22 Fuel Prices

WTI Crude \$92.73  
Brent Crude \$96.91  
Natural Gas \$4.541  
Louisiana Light \$96.28  
Bonny Light \$95.63  
OPEC Basket \$94.28

Source: oilprice.com

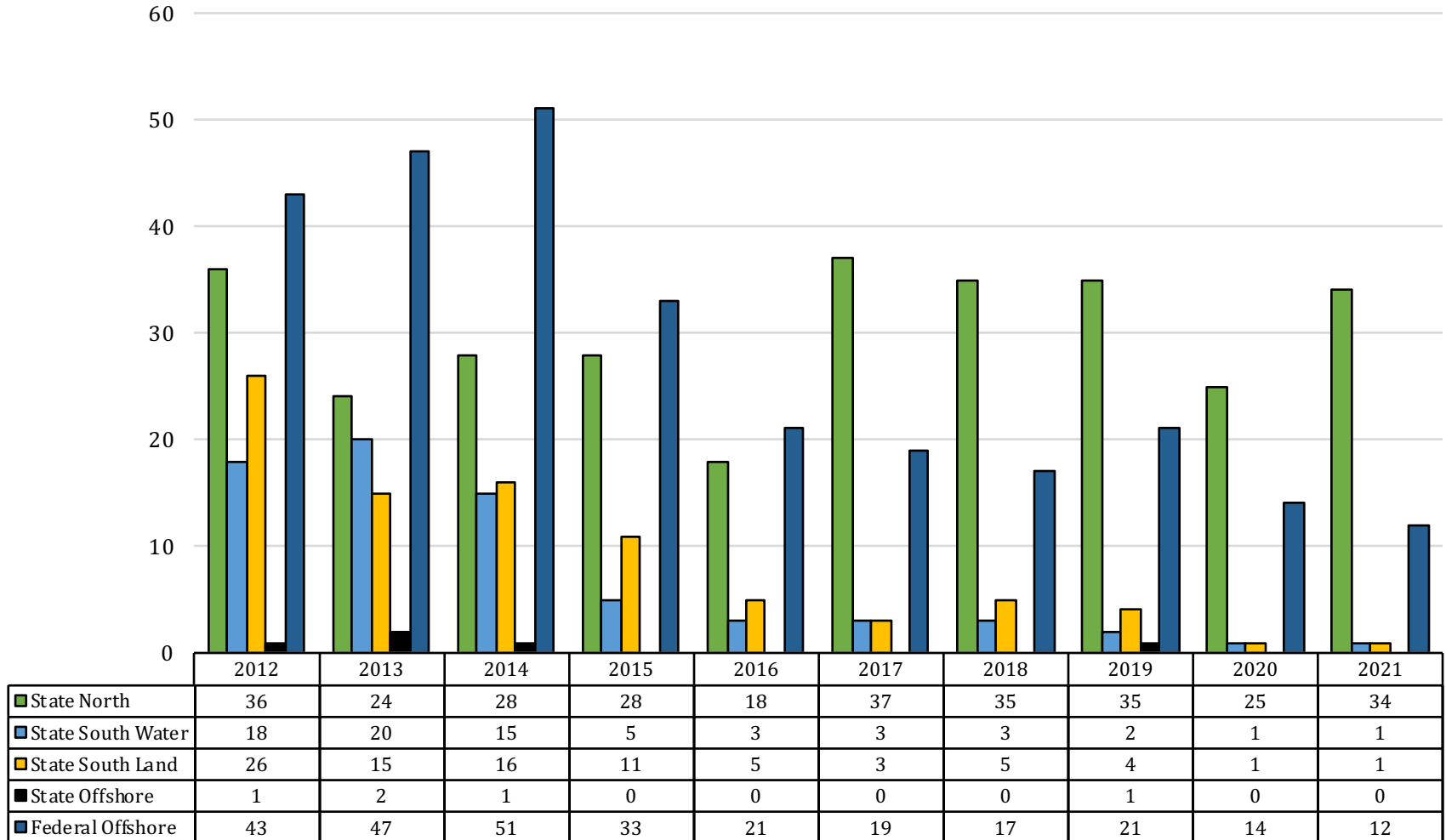
GOM Central = Oil production from Outer Continental Shelf Central region in the Gulf of Mexico.

Source: Office of Conservation, as of January 11, 2022.



# Louisiana Average Rigs Running

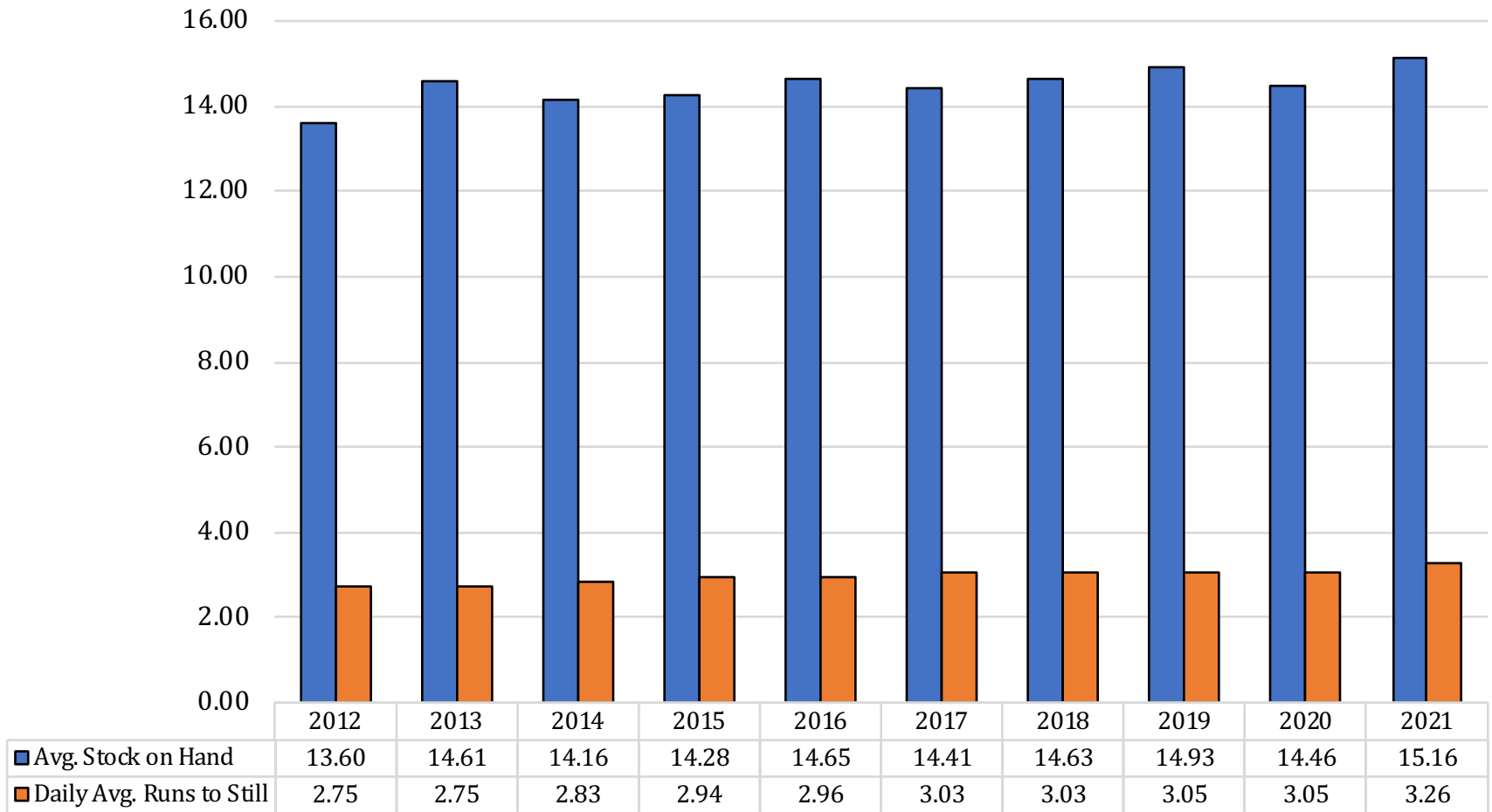
Average Per Year by Location





# Louisiana Refinery Crude Oil

In Million Barrels



Source: Office of Conservation, November 16, 2021

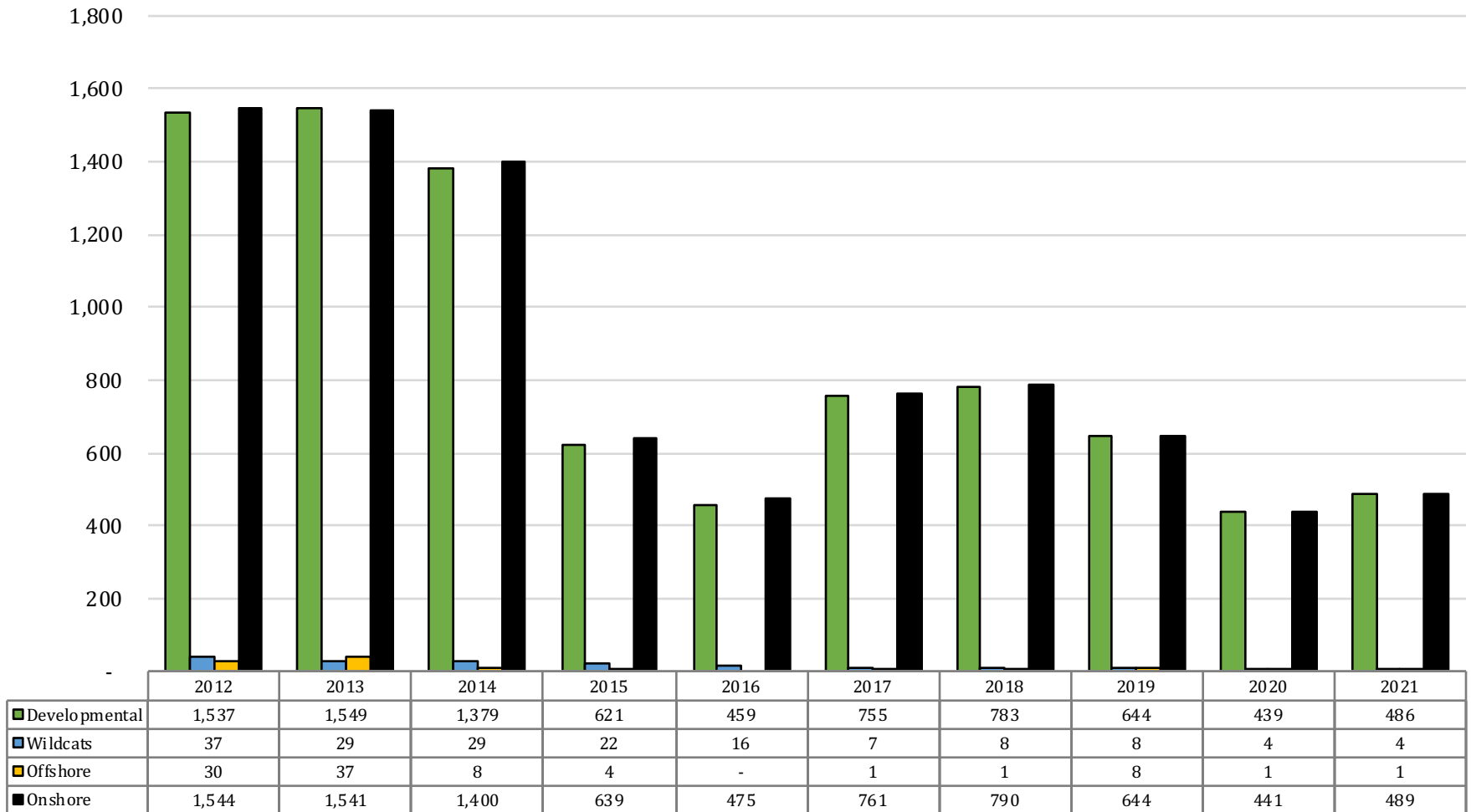
\*2021 data as of end of August 2021





# Louisiana State Oil and Gas Drilling Permits by Type (Excluding OCS)

Total Permits Per Year

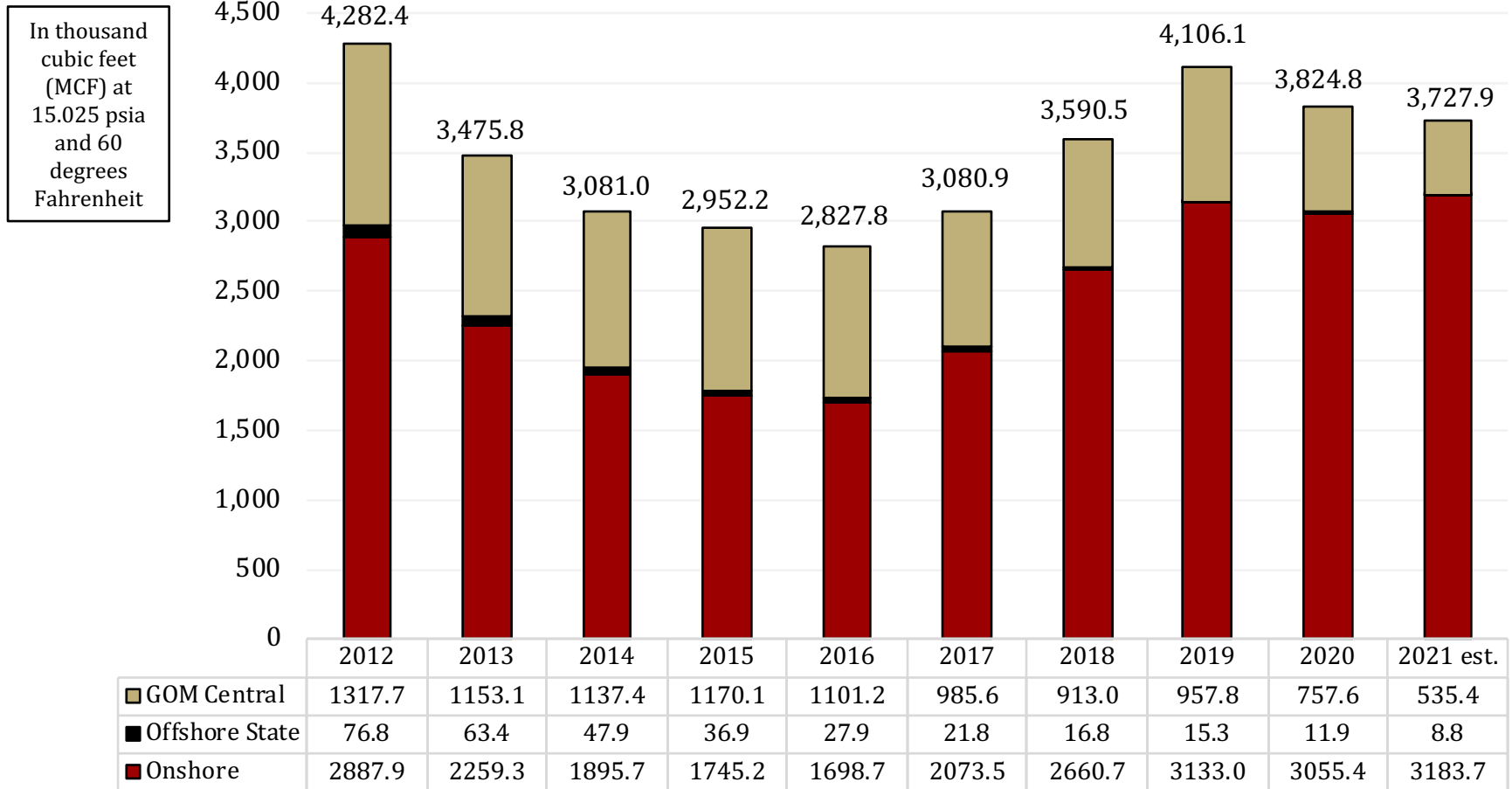


Source: Office of Conservation as of Year End 2021



# Louisiana Total Natural Gas and Casinghead Gas Production

## Production by Location



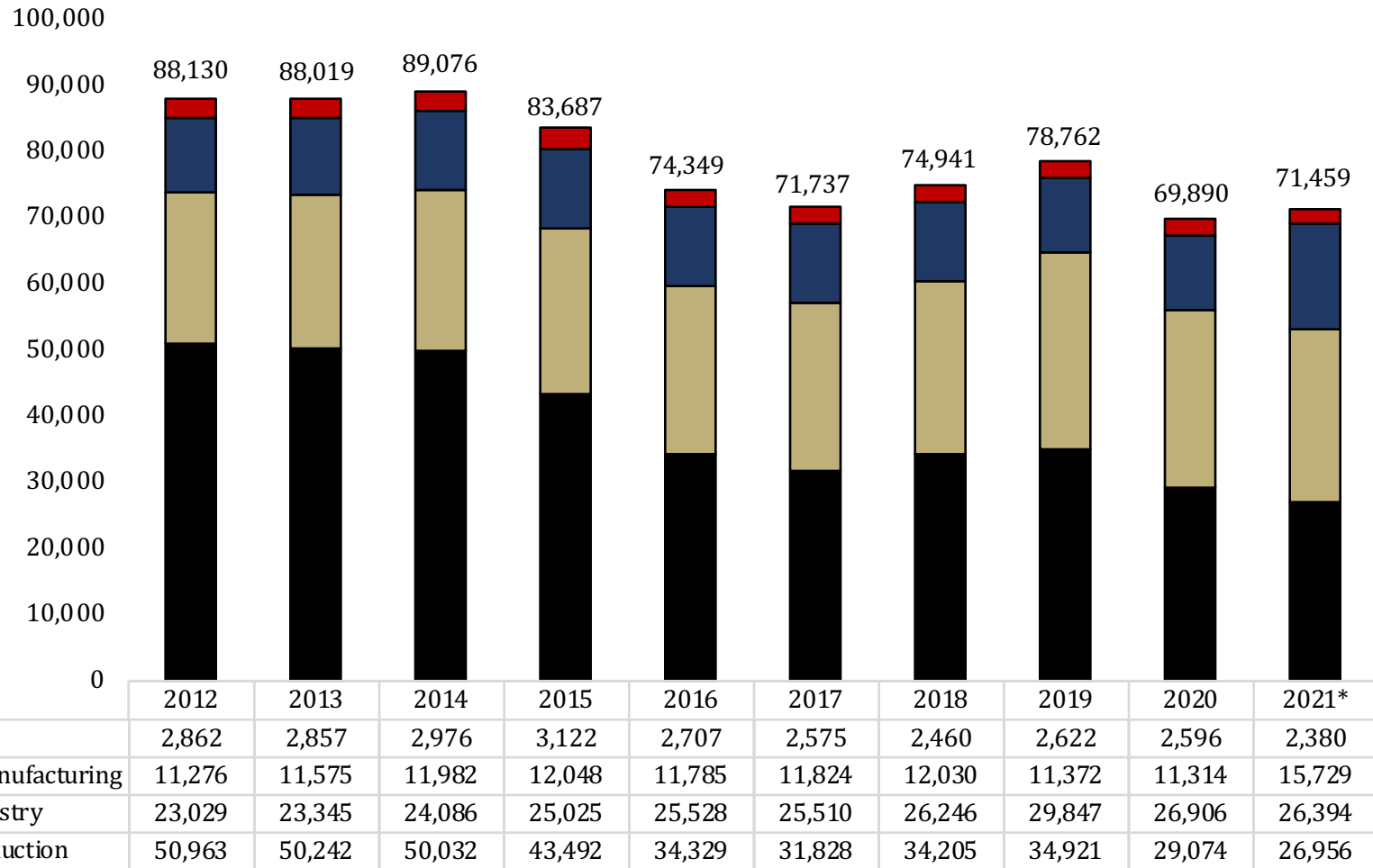
*GOM Central = Oil production from Outer Continental Shelf Central region in the Gulf of Mexico.*

*Source: Office of Conservation, as of January 11, 2022.*



# Louisiana Petrochemical Industry Employment

Monthly Average for All Petrochemical Jobs and for Job Type



Source: Office of Conservation, January 24, 2022, from the Louisiana Workforce Commission

\*2021 data as of June 30, 2021